

Message Text

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ACTION PM-04

INFO OCT-01 ARA-06 ISO-00 L-03 AID-05 IGA-02 MC-02 CIAE-00

INR-07 NSAE-00 SS-15 EB-07 OMB-01 COME-00 TRSE-00

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P R 182008Z FEB 76 ZFF2

FM AMEMBASSY QUITO

TO SECSTATE WASHDC PRIORITY 9075

SECDEF WASHDC PRIORITY

INFO USCINCSOUTH QUARRY HTS CZ/SCSA

CSA WASHDC

CNO WASHDC

/CSAF WASHDC

CMC WASHDC

JCS WASHDC

C O N F I D E N T I A L QUITO 1349

E. O. 11652: GDS

TAGS: MASS EC

SUBJECT: FY 1977 MILITARY SECURITY ASSISTANCE

REF: SECSTATE 036160 (DTG 131859Z FEB 76), QUITO 8727

(DTG 012122ZDEC75)

1. THE FOLLOWING INFORMATION IS PROVIDED AS REQUESTED BY
PARAGRAPH 5 OF STATE 036160:

A. YES.

B. MAJOR ITEMS TO BE PROCURED IN PRIORITY ORDER (MANY
ITEMS ARE CONTINUATIONS OF FY 1976 FMS CREDIT PURCHASES
LISTED IN QUITO 8727):

(1) MATERIAL FOR RE-EQUIPPING SHIPS (RADAR, SONAR,
COMMUNICATIONS SUITES)

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(2) EQUIPMENT FOR MARINE CORPS (PARACHUTES, TENTS, LAW,

MORTARS, AMMUNITION, VEHICLES, ETC.)

(3) ANTI-TANK WEAPONS (90 AND 106 MM RECOILLESS RIFLES)
FOR ARMY AND MARINE CORPS

(4) AMMUNITION FOR ALL SERVICES (ANTI-TANK WEAPON
AMMO, A-37B AMMO, BANGALORE TORPEDOES, TRAINING MINES,
NAVAL AMMO, ETC.)

(5) VEHICLES FOR ECUADOREAN AIR FORCE (AMBULANCES,
BOMB LIFTS, BOMB CONVEYORS, FIRE TRUCKS, AIRCRAFT TUGS)

(6) PREFABRICATED BUILDINGS AND SHOP EQUIPMENT FOR
INTERIM NAVAL OPERATING BASE SUBMARINE SUPPORT FACILITY
AND OFFICES

(7) SUMNER CLASS IEHZIDR IIL(#) DESTROYER (SECOND UNIT)

(8) MISCELLANEOUS ENGINEER EQUIPMENT (PONTOON BRIDGE,
ROAD GRADERS, BULLDOZERS, COMPACTION EQUIPMENT, ETC.) FOR
ONE TO TWO ADDITIONAL ENGINEER BATTALIONS.

COUNTRY TEAM COMMENTS: THE EQUIPMENT THAT ECUADOR PROPOSES
TO PURCHASE WITH ITS FMS CREDITS IS ALL OF A RELATIVELY
UNSOPHISTICATED NATURE. THE ITEMS ABOVE ARE CONSIDERED
TO BE THE MINIMUM ITEMS REQUIRED BY ECUADOREAN ARMED FORCES
FOR MINIMUM EFFECTIVE UTILIZATION AND DEVELOPMENT OF EQUIP-
MENT ALREADY PURCHASED OR UNDER CONSIDERATION FOR PURCHASE
FROM THE US. ECUADOR IS IN THE PROCESS OF MODERNIZING ITS
ARMED FORCES, AND ALTHOUGH PERIODIC US SUSPENSION OF
ASSISTANCE HAD DELAYED THE ACQUISITION OF MAJOR ITEMS, US
EQUIPMENT CONTINUES TO BE PREFERRED.

ECUADOR IS FULLY AWARE THAT ITS DEFENSE IS ITS OWN RESPON-
SIBILITY AND THAT IT IS UNLIKELY TO BE ABLE TO TURN TO THE
US FOR HELP. THE THREAT IS CURRENTLY LOW, BUT EVEN PRESENTLY
PLANNED/PROGRAMMED ASSISTANCE WILL NOT INSURE AN ADEQUATE
ECUADOREAN DEFENSE CAPABILITY; HOWEVER, IT IS AT A LEVEL
COMMENSURATE WITH ECUADOR'S ABILITY TO ABSORB IT. IN
TERMS OF SECTION 504 (B) REQUIREMENTS IN THE FAA, THE US
RECEIVES AN EXTRAORDINARY VALUE FOR ITS SECURITY ASSISTANCE
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EXPENDITURES IN ECUADOR THROUGH THE GOODWILL EARNED AND
FAVORABLE DISPOSITION GAINED WITH THE MILITARY WHICH GOVERNS
THE COUNTRY. US SECURITY ASSISTANCE PROGRAMS PROVIDE NO
O&M GRANT AID FUNDS.

C. YES, PROVISION OF CREDIT WOULD GO TO SUPPORT WHAT WE
CONSIDER TO BE A REASONABLE FORCE GOAL, ALTHOUGH OUR MILITARY
RELATIONSHIP WITH ECUADOR DOES NOT CONTEMPLATE JOINT PLANNING

OF FORCE LEVELS.

D. NO, THERE IS NO "MILITARY" JUSTIFICATION FOR OFFERING THESE CREDITS; PROVISION OF FMS CREDITS AND MAP TRAINING IS PREDICATED ON POLITICALLY-MOTIVATED US NATIONAL POLICY GOALS, RATHER THAN SECURITY INTERESTS.

E. THERE IS NO GRANT MATERIEL PROGRAM IN ECUADOR. THE FMS CREDIT FUNDS, IF APPROVED, WILL BE USED FOR MATERIEL, NOT TRAINING.

F. THE RELEVANT POLICY CONSIDERATIONS AND MANNER OF SUPPORT FOR U.S. OBJECTIVES ARE:

(1) CURRENT GOVERNMENT IS MILITARY AND LIKELY TO REMAIN SO FOR THE PERIOD CONTEMPLATED BY THE FY 1977 FMS PROGRAM.

(2) A MILITARY TRAINING (MAP) AND SUPPLY (FMS) RELATIONSHIP OFFER AN EFFECTIVE MEANS TO INFLUENCE GOE POLICIES, ESPECIALLY AS REGARDS THE FISHING DISPUTE AND TO IMPROVE USG INFLUENCE IN AREAS THAT ECUADOR DOES NOT CONSIDER CRITICAL TO ITS INTERESTS.

(3) BECAUSE THE USG HAS ALREADY EXPENDED CONSIDERABLE NEGATIVE INFLUENCE IN DENYING ECUADOR ACCESS TO GSP IN THE TRADE ACT, IN DENYING ACCESS TO U.S. FUNDS AT THE IDB SOFT LOAN WINDOW, IN TERMINATING GRANT TECHNICAL ASSISTANCE AND IN OTHERWISE PHASING OUT THE AID PROGRAM, MAP AND FMS PROGRAMS FORM JUST ABOUT THE ONLY REMAINING POSITIVE LEVER OF INFLUENCE IN OUR HANDS.

(4) ECUADOR'S GROWING IDENTIFICATION WITH THE "THIRD WORLD," IF IT BECOMES TOO STRIDENT, COULD BECOME A THREAT TO CONFIDENTIAL

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U.S. OVERALL INTERESTS IN ECUADOR.

(5) U.S. ECONOMIC INTERESTS ARE DERIVED FROM ECUADOR'S GROWING IMPORT CAPACITY AND ITS TRADITIONAL CLOSE COMMERCIAL RELATIONS WITH THE U.S.

(6) THE U.S. HAS A POSITIVE INTEREST IN CONTINUED ACCESS TO ECUADOR'S NATURAL GAS RESERVES AND RISING PETROLEUM PRODUCTION FOR PRESENT AND FUTURE U.S. ENERGY NEEDS.

(7) WE WISH TO ENCOURAGE ECUADOR TO OBTAIN U.S. MILITARY MATERIEL FOR EQUIPMENT MODERNIZATION REQUIREMENTS.

(8) WE WISH TO IMPROVE MILITARY RELATIONS WITH THE ECUADOREAN ARMED FORCES.

(1) FINALLY, GOOD RELATIONS WITH ECUADOR ARE CONSISTENT WITH THE MAINTENANCE OF FAVORABLE US RELATIONS WITH ALL NATIONS IN LATIN AMERICA AND, THUS, SERVE TO FURTHER OVERALL US INTERESTS THROUGHOUT THE HEMISPHERE.

G. NO. FMS CREDIT PURCHASES ARE NOT LIKELY TO POSE ANY THREAT OF ANY ARMS RACE OR AFFECT REGIONAL ARMS BALANCE.

H. YES. THE GOE IS PRESENTLY VIGOROUSLY SEARCHING FOR CREDIT SOURCES FOR ALL TYPES OF PURCHASES, INCLUDING MILITARY HARDWARE. ONE OF THE FIRST QUESTIONS PRESENTED TO A COMMERCIAL REPRESENTATIVE/MILITARY REPRESENTATIVE CONCERNS FINANCING AND TERMS OF CREDIT AVAILABLE.

I. NO. THE ECUADOREAN FOREIGN EXCHANGE RESOURCES WILL CONTINUE TO BE SUPPLIED FROM TRADITIONAL EXPORTS AND PETROLEUM REVENUES. PROPOSED FMS CREDIT REPAYMENT OBLIGATIONS WOULD NOT PLACE AN UNDESIRABLE BURDEN ON FOREIGN EXCHANGE RESOURCES NOR PRODUCE EXCESSIVE CLAIMS ON FUTURE BUDGETS OR OTHERWISE INTERFERE IN DEVELOPMENT OF THE COUNTRY.

J. ECUADOR HAS MADE SIGNIFICANT PURCHASES OF MILITARY ITEMS FROM WEST EUROPEAN COUNTRIES (LIGHT TANKS-FRANCE, TWELVE JAGUAR AIRCRAFT-UK, AND 2 SUBMARINES AND 3 MISSILE PATROL CRAFT-FRG) IN THE PAST FOUR YEARS IN AMOUNTS CONFIDENTIAL

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IN EXCESS OF US\$300M. PURCHASE OF TWO TO SIX 2100 TON, FRIGATES FROM US OR WEST EUROPEAN SOURCES ARE BEING CONSIDERED FOR FY 1977 AND OUTYEARS. COMMERCIAL PURCHASE OF TWO C-130H AND FOURTEEN T-34C AIRCRAFT FROM US SOURCES HAS BEEN POSTPONED UNTIL LATE FY 1976 OR POSSIBLY TO FY 1977 IN THE AMOUNT OF APPROXIMATELY \$26M. THESE POSSIBLE PURCHASES COULD UTILIZE FMS CREDITS TO GOOD ADVANTAGE.

2. INFORMATION REQUESTED IN PARAGRAPH 6 OF STATE 036160 WILL BE PROVIDED BY SEPARATE CORRESPONDENCE.
BREWSTER

NOTE BY OC/T: (#) AS RECEIVED.

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